



FINANCIAL INSTITUTIONS TODAY

News and topics of interest to financial institutions regulated by the Department of Banking and Finance

Monthly Bulletin #8

August 2011

Inside this issue:

Insurance License Requirements for Bank Employees	2
Georgia Residential Mortgage Act Fee Deadline Reminder	2
Corporate Credit Union Stabilization Assessment	2
Emergency Communications System (ECS)	3
DBF Outreach and Upcoming Speaking Engagements	3
Action on Applications for the Month of August	4
Customer Service Stars for the Month of August	6
Contact Information	7

Board of Directors: Policies and Controls *(part 5 of a series)*

"Surround yourself with the best people you can find, delegate authority, and don't interfere as long as the policy that you have decided upon is being carried out." Ronald W. Reagan

In the April 2011 Bulletin article titled "Board of Directors: The Essential Roles of Governance and Oversight", we identified four key areas of responsibility for a financial institution board of directors. The fourth and final of those four responsibilities was: "Establish policies and the control framework within which management operates." The quote shown above by Ronald W. Reagan, 40th President of the United States, conveys this message clearly and concisely. While this quote promotes the idea of hiring qualified, capable people of integrity and delegating authority to execute board approved policies, a key element in the quote implies the importance of an effective system of verifying conformity with approved policies. Divergence from policies prompts interference and a heightened level of engagement by the board of directors as necessary.

Having appointed the chief executive officer and aligned incentives to the board approved strategic plan, effective governance and oversight is implemented by establishing an effective system of controls through policies, limits, and verification functions. Policies and limits should align to the strategy and risk tolerance of the board of directors establishing the framework within which management is expected to operate. Verification functions such as internal audit, loan review, and in some cases the compliance department, serve as the board of director's eyes and ears across the institution providing reasonable assurance that day-to-day operations are being conducted in accordance with the board approved strategy, policies, and limits. In this context, effective and independent verification functions staffed by experienced, well trained, and capable individuals serve to protect the board from a disconnect between the articulated strategy / risk tolerance and the actions of institution personnel. Effective and independent validation functions support proactive oversight and position the board to direct corrective actions in a timely manner to minimize disruptions to the institution's operations and position the institution for successful accomplishment of board approved goals and objectives. The FDIC's [Risk Management Manual of Examination Policies](#) emphasizes the role of boards of directors in ensuring an effective control environment:

"The control environment begins with the ... board of directors, which is responsible for the development of objectives and policies and for monitoring adherence to such. The policies established should ensure that decision-making authority is vested at the proper management level and that management decisions and policies are properly implemented throughout the organization."

Strong leadership from informed and engaged boards of directors is an essential element in returning Georgia's financial services industry to a healthy, stable condition. Boards of directors implement effective governance and oversight by approving policies and limits that align to the board's strategies and risk tolerance and by establishing verification functions to provide reasonable assurance of conformity.

"Safeguarding Georgia's Financial Services"

Insurance License Requirements for Bank Employees

The Georgia Department of Banking and Finance (Department) received inquiries related to credit life insurance from several Georgia state-chartered financial institutions. Typically, a Georgia state-chartered financial institution will have one licensed agent who administers/manages the financial institution's credit life master life insurance and disability policy. A question has been raised as to whether or not it is necessary to have all bank employee lenders obtain individual insurance agent licensure.

The Department consulted with the Georgia Department of Insurance for clarification regarding the individual licensing issue. The Department of Insurance has advised that bank employees may continue to include credit life insurance in customer loan packages, and add those customers to a bank's master policy, without requiring the bank employees to obtain a Georgia insurance license, so long as no fee or commission is paid to the bank employee. The Georgia Department of Insurance clarified that if fees or commissions are tied to placement of the insurance, an individual license would be required. An insurer or agent may not (directly or indirectly) pay a bank employee any fee or commission for placement of insurance. In conclusion, if an insurer pays a bank employee any fee or commission for services related to the sale of insurance, then the bank employee must be a licensed agent.

Georgia Residential Mortgage Act Fee Deadline Reminder

The \$10.00 per loan fees required by O.C.G.A. Section 7-1-1011(b)(2) and Department Rule 80-5-1-.04 were due **no later than September 1, 2011**, for residential mortgage loans closed during the period January 1, 2011, through June 30, 2011. A \$10.00 fee is due if the loan is a residential mortgage loan as defined in the Georgia Residential Mortgage Act (GRMA), and if a security deed, a modification of a security deed or other form of modification of a security interest is recorded.

Financial institutions, mortgage licensees and registrants that act as the *collecting agent* (including brokers who table fund and collect the fee) must submit the fees and file the fee statement before the deadline to avoid fines. **GRMA per loan fee reporting / remittance must be completed on-line through the Department's secure website. Reporting by all banks and credit unions doing business in Georgia is required even if no residential mortgage loans were made and no fees are due.** A \$100 fine will be assessed for failure to report / remit GRMA fees by the September 1st deadline. There will be no waivers of fines assessed if the online form and fee payment (where applicable) were not submitted by the deadline.

With the on-line payment process, the Department accepts either ACH drafts on a checking account or payments by Visa, MasterCard, AmericanExpress, or DiscoverCard credit cards. Reporting and fee payment must be done online from our secure website at: <https://bkgfin.dbf.state.ga.us/GRMAFee.html>.

Corporate Credit Union Stabilization Assessment

On August 29, 2011, the NCUA Board approved the 2011 Temporary Corporate Credit Union Stabilization Assessment. The assessment was set at 25 basis points of insured shares as of June 30, 2011. The assessment invoices are to be distributed by the NCUA to all federally-insured credit unions by September 27, 2011.

All credit unions should record the assessment and report the expense on the September 30, 2011 Call Report. For additional information go to the NCUA's website at <http://www.ncua.gov/GenInfo/BoardandAction/reports/2011.aspx> and select the link for the Open Board Meeting 8/29/2011.

Emergency Communications System (ECS)

The Georgia Department of Banking and Finance (Department) and the Federal Reserve Bank of Atlanta (FRB) are pleased to announce a new tool that will be utilized to communicate with Georgia state-chartered institutions during emergency situations.

The Emergency Communications System (ECS) allows financial institution regulators to communicate with state-chartered financial institutions during emergency situations. When utilized during an emergency situation, ECS will allow the Department to quickly establish a two-way communication channel, provide key updates, ascertain the operational status of an institution and provide ongoing updates.

During an emergency, the Department can authorize the ECS Support Center to send messages to institutions using mediums such as voice, text or email messages. The ECS can also track responses from institutions and provide financial institution regulators with an update of institutions' statuses throughout a crisis.

The Department will continue to utilize its existing online system to capture Georgia state-chartered bank and credit union emergency contact information. This data will be uploaded to the ECS system periodically, so it is critical that institutions keep their contact information up to date. For state-chartered banks and credit unions that have not recently updated their emergency contact information through the Department's online system, we ask that you login to the secure site and review your institution's information for any necessary changes.

- Georgia state-chartered banks should login at: <https://bkgfin.dbf.state.ga.us/BkEmergCont.html>
- Georgia state-chartered credit unions should login at: <https://bkgfin.dbf.state.ga.us/CUEmergCont.html>

Georgia state-chartered institutions should expect to receive further information regarding the use of ECS by the end of September 2011.



DBF Outreach AND UPCOMING SPEAKING ENGAGEMENTS

- ❖ Commissioner Braswell will be participating on a regulatory panel on **September 23rd** at the CBA Annual Convention held at the Westin in Savannah. He will also be participating on a regulatory panel at the [South Georgia Community Bank Symposium](#) on **September 29th** hosted by the Georgia Bankers Association along with the Langdale College of Business at Valdosta State University.

Action on Applications for the Month of August:

The following is a summary of official action taken on applications by State Financial Institutions under Chapter 7-1 of the Code of Georgia and petitions for Certificate of Incorporation of Financial Institutions and other matters of interest during the month of August 2011.

APPLICATIONS TO ESTABLISH A BRANCH OFFICE

<u>FINANCIAL INSTITUTION</u>	<u>BRANCH OFFICE</u>	<u>APPROVAL</u>	<u>BEGIN BUSINESS</u>
HeritageBank of the South Albany	Lee County Branch Office 104 Heritage Lane Leesburg, GA 31763 Lee County	06-16-2010	08-08-2011
United Community Bank Blairsville	Arden Branch Office 2349 Hendersonville Road Arden, NC 28704 Buncombe County	Pending	
Community & Southern Bank Carrollton	Ashford Dunwoody Branch Office 4800 Ashford Dunwoody Road Dunwoody, GA 30338 DeKalb County	08-30-2011	
Community & Southern Bank Carrollton	Roswell Branch Office 900 Woodstock Road Roswell, GA 30075 Fulton County	08-30-2011	

APPLICATIONS TO CHANGE LOCATION

<u>FINANCIAL INSTITUTION</u>	<u>CHANGE LOCATION OF</u>	<u>APPROVAL</u>	<u>EFFECTIVE</u>
Fidelity Bank Norcross	Jacksonville Branch Office From: 10151 Deerwood Park Boulevard Jacksonville, FL 32256 Duval County To: 9802 Baymeadows Road Jacksonville, FL 32256 Duval County	08-01-2011	

APPLICATIONS FOR RESERVATION OF A NAME

<u>PROPOSED NAME</u>	<u>COUNTY</u>	<u>APPLICANT</u>
Fort Gordon and Community Credit Union	Richmond County	Mr. Allen Carver Allen Carver & Associates Inc. 2915 Creek Tree Lane Cumming, GA 30041

FINANCIAL INSTITUTION MERGERS

<u>FINANCIAL INSTITUTION (SURVIVOR)</u>	<u>MERGING INSTITUTION</u>	<u>APPROVAL</u>	<u>EFFECTIVE</u>
Georgia Bank & Trust Company of Augusta Augusta, GA	Southern Bank & Trust Aiken, SC	Pending	
The Farmers Bank Forsyth, GA	The Bank of Perry Perry, GA	Pending	

FINANCIAL INSTITUTION (SURVIVOR)

The Farmers Bank
Forsyth, GA

The Farmers Bank
Forsyth, GA

MERGING INSTITUTION

The Peoples Bank
Covington, GA

Spivey State Bank
Swainsboro, GA

APPROVAL

Pending

Pending

EFFECTIVE

**NOTIFICATION OF APPROVAL OF APPLICATION TO SERVE
A RESIDENTIAL GROUP COMMON BOND**

CREDIT UNION

Five Star Credit Union
Dothan, AL

RESIDENTIAL GROUP COMMON BOND

Early County, GA

APPROVAL

08-26-2011

CHECK CASHER LICENSES ISSUED

CITY

Midway
Savannah
Decatur
Savannah
Trion
Lawrenceville
Valdosta
Atlanta
Atlanta
Cumming
Macon
Tucker
Woodbine
Gainesville
Roswell
Macon
Blue Ridge
Blakely
Moultrie
Dalton
Watkinsville
Thomasville
Tifton

APPLICANT NAME

* CCKB, Inc.
* Chu's III, Inc.
Dekalb Checks Inc.
Enmark Stations, Inc.
Gyankrupa Inc.
Hanjinlyn, Inc.
* Harsh & Jayesh, Inc.
* Horatio A. Lawson
Isha Enterprises, Inc.
* Jenny Foods, LLC
Ji Kyung Song
* KBM Investments, LLC
* Khodiyar Seven, Inc.
La Superior Check Cashing, Inc.
Leonard Financial Inc.
* Mansi Patel, LLC
National Title Pawn of Blue Ridge, Inc.
* Riverside Bait & Tackle, Inc.
* Sai Baba Investment LLC
* Salvador Loa
* Senna Enterprises, Inc.
* Shivaji Maharaj, Inc.
* Shree Krishna Krupa, LLC

TRADE NAME / DBA

Mr. Cash
Chu's III

Enmark Stations
GB & T Food Mart
Big H Quick Mart
Fast Break #2
H. A. Lawson Tax & Office Services

Save Money Food Mart
Houston Grocery
Best Food Mart
Snappy Foods #21

Family Food
National Title Pawn
Riverside Travel Center
Packer Foodmart
Carniceria Loa #1
Tiny Town Minit Mart
Jackson Pantry
Lil Pantry #7

* =Registered (O.C.G.A. 7-1-700 et al)

MONEY TRANSMITTER LICENSES ISSUED

MONEY TRANSMITTER

Unirush, LLC
Cincinnati, OH

APPROVAL

08-15-2011

Hashi Money Wiring, LLC
SeaTac, WA

08-12-2011

CUSTOMER SERVICE STARS FOR THE MONTH OF AUGUST

It is the Department's goal to provide excellent customer service by meeting and exceeding the expectations of our customers. Along those lines, we would like to recognize the following individuals for going above and beyond in serving our customers:

Senior Financial Examiner Janet Bryan and District Director Gary Ford (District 4) – The Department would like to recognize Janet Bryan as a customer service star for her efforts in offering to conduct, and then conducting, a two-day, specialized training class for her fellow examiners. The attendees gave rave reviews and were very appreciative of both Janet's insight and her teaching style. The Department would also like to thank Director Ford for allowing Janet to take several days out of a busy District 4 schedule in order to prepare and conduct such excellent training.

**CONGRATULATIONS AND GREAT JOB TO THIS MONTH'S
CUSTOMER SERVICE STARS!!**



**GEORGIA
DEPARTMENT OF
BANKING AND FINANCE**

2990 Brandywine Road
Suite 200
Atlanta, Georgia 30341-5565

Phone: (770) 986-1633
Fax: (770) 986-1654 or 1655
Email: dbfpress@dbf.state.ga.us

We're on the Web!

**Visit our website at:
dbf.georgia.gov**

The Department is the state agency that regulates and examines banks, credit unions, and trust companies chartered by the State of Georgia. The Department also has regulatory and/or licensing authority over mortgage brokers/processors, lenders and loan originators, money service businesses, international banking organizations, and bank holding companies conducting business in Georgia.

Our **Mission** is to promote safe, sound, competitive financial services in Georgia through innovative, responsive regulation and supervision.

Our **Vision** is to be the best financial services industry regulator in the country – Progressive. Proactive. Service-Oriented.

Our Motto is: "Safeguarding Georgia's Financial Services"

Sign-up to Receive this Publication:

This publication is delivered to interested parties via e-mail and is also available from the Department's website at: <http://dbf.georgia.gov> under Publications, **Financial Institutions Bulletin**.

If you would like to be added to our distribution list, send an e-mail to dbfpress@dbf.state.ga.us stating your name and e-mail address. Please be sure to include "**Subscribe to Financial Institutions Bulletin**" in the Subject line.

